

AN ORDINANCE 100069

APPROVING THE TERMS AND CONDITIONS AND AUTHORIZING EXECUTION OF A TAX PHASE-IN AGREEMENT WITH MAXIM INTEGRATED PRODUCTS, INC. ("MAXIM") TO EXEMPT 100% OF AD VALOREM TAXES FOR 10 YEARS ON PERSONAL PROPERTY IMPROVEMENTS OF \$50 MILLION; AND APPROVING AN EXCEPTION TO THE TAX PHASE-IN GUIDELINES TO ALLOW FOR A 10 YEAR VERSUS A 6 YEAR TERM OF THE AGREEMENT.

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WHEREAS, Maxim Integrated Products, Inc. (hereinafter "Maxim") is a publicly-held company and a worldwide leader in design, development, and manufacturer of linear and mixed-signal integrated circuits; and

WHEREAS, the company was founded in 1983 and employs more than 7,500 people at its headquarters in Sunnyvale, California and at facilities worldwide; and

WHEREAS, Maxim manufactures approximately 5,000 types of analog and mixed-signal integrated circuits (ICs), more than any other company in the industry, introducing an average of 500 new products per year with revenues expected to reach \$3.8 billion by 2007; and

WHEREAS, thousands of electronics manufacturers use Maxim's products in computers and peripherals, industrial controls, telecommunications and networking equipment, military systems, medical devices, instrumentation and video displays; and

WHEREAS, in October 2003, Maxim informed City staff that it was considering the purchase and future use of the former Philips Semiconductor facility with plans to retrofit the existing 300,000 square-foot facility situated on the 178.5 acre site to manufacture 8-inch semiconductor wafers; and

WHEREAS, Maxim purchased the facility in November 2003 for \$40 million with plans to invest an additional \$50 million in facility improvements and equipment; and

WHEREAS, by December 31, 2007, Maxim will also create a total of 500 new full-time jobs and has to date hired 235 people, 80 percent of whom previously worked for Sony or Philips; and

WHEREAS, the Maxim jobs would entail working in production, equipment and process engineering, automation and management, among other areas; and

WHEREAS, the semi-conductor industry is presently in the midst of the longest economic downturn in its history, so Maxim is seeking a tax phase-in to achieve every available cost-minimizing opportunity to aid the Westover Hills facility as a viable business unit; and

WHEREAS, as an incentive to reinvest in this facility and re-establish operations in San Antonio, Maxim has requested a 10-year, 100% tax phase-in on \$50 million in personal property improvements, as more particularly described in Attachment I; and

WHEREAS, the project is eligible for an abatement term of up to 6 years since the site is located outside of Loop 410 and north of U.S. Highway 90, but due to the exceptional investment, Maxim seeks a 10-year term and requests City Council approve an exception to the City's Tax Phase-In Guidelines; and

WHEREAS, Maxim offers an excellent benefits package for employees and dependents, intends to actively recruit new employees from local colleges to expand its labor force and to hire economically disadvantaged individuals through Alamo WorkSource while also contributing to local schools of higher education in an effort to encourage interest in the technology industry; and

WHEREAS, the project supports the City's *Strategic Plan for Enhanced Economic Development* by encouraging the attraction of new businesses to the community while promoting growth in the targeted industry of manufacturing and technology, as well as retaining and creating high-paying jobs for our community; and

WHEREAS, the City Council also finds that it is in the best interest of the City of San Antonio to approve a Tax Phase-In Agreement with Maxim to induce the desired and beneficial economic development in the area and to approve an exception to the Tax Phase-In Guidelines; **NOW THEREFORE:**

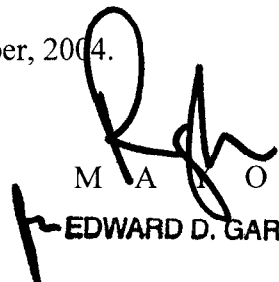
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby approves the terms and conditions of the Maxim Tax Phase-In Agreement for a 10-year, 100% abatement of ad valorem taxes on personal property improvements as more particularly described in the copy of the signed Agreement in Attachment I, attached hereto and incorporated herein. An exception to the Tax Phase-In Guidelines is also approved to allow for a 10 year, versus a 6 year, term of the Agreement.

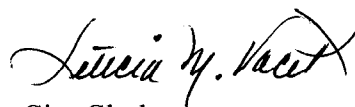
SECTION 2. The City Council also hereby authorizes the Interim City Manager or his designee to execute the Agreement described in Section 1 within 60 days.

SECTION 3. This ordinance shall be effective on and after the tenth (10th) day after passage hereof.


PASSED AND APPROVED this 9th day of December, 2004.


M A O R
EDWARD D. GARZA

ATTEST:


City Clerk

APPROVED AS TO FORM:


for City Attorney

Agenda Voting Results

Name: 6 B.

Date: 12/09/04

Time: 06:01:37 PM

Vote Type: Multiple selection

Description: An Ordinance approving terms and conditions and authorizing execution of a Tax Phase-In Agreement with Maxim Integrated Products, Inc. ("Maxim") to exempt 100% of ad valorem taxes for 10 years on personal property improvements of \$50 million; and approving an exception to the Tax Phase-In Guidelines to allow for a 10 year versus a six (6) year term of the agreement.

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
JOEL WILLIAMS	DISTRICT 2		x		
RON H. SEGOVIA	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5		x		
ENRIQUE M. BARRERA	DISTRICT 6		x		
JULIAN CASTRO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8		x		
CARROLL SCHUBERT	DISTRICT 9		x		
CHIP HAASS	DISTRICT_10		x		
MAYOR ED GARZA	MAYOR	Not present			